

INITIATIVE 705

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 705 to the People is a true and correct copy as it was received by this office.

1 AN ACT Relating to reforming liquor taxation; amending RCW
2 82.08.150; reenacting and amending RCW 66.24.290; creating new
3 sections; repealing RCW 66.24.210; and providing an effective date.

4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** This act may be known and cited as the
6 Liquor Taxation Reform Act of 1999.

7 **Sec. 2.** RCW 66.24.290 and 1997 c 451 s 1 and 1997 c 321 s 16 are
8 each reenacted and amended to read as follows:

9 ~~((1))~~ Any microbrewer or domestic brewery or beer distributor
10 licensed under this title may sell and deliver beer to holders of
11 authorized licenses direct, but to no other person(~~(, other than the~~
12 ~~board))~~; and every such brewery or beer distributor shall report all
13 sales to the board monthly, pursuant to the regulations(~~(, and shall~~
14 ~~pay to the board as an added tax for the privilege of manufacturing and~~
15 ~~selling the beer within the state a tax of one dollar and thirty cents~~
16 ~~per barrel of thirty-one gallons on sales to licensees within the state~~
17 ~~and on sales to licensees within the state of bottled and canned beer~~
18 ~~shall pay a tax computed in gallons at the rate of one dollar and~~

1 ~~thirty cents per barrel of thirty one gallons. Any brewery or beer~~
2 ~~distributor whose applicable tax payment is not postmarked by the~~
3 ~~twentieth day following the month of sale will be assessed a penalty at~~
4 ~~the rate of two percent per month or fraction thereof)). Beer shall be~~
5 ~~sold by breweries and distributors in sealed barrels or packages.~~
6 ~~((The moneys collected under this subsection shall be distributed as~~
7 ~~follows: (a) Three tenths of a percent shall be distributed to border~~
8 ~~areas under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty~~
9 ~~percent shall be distributed to counties in the same manner as under~~
10 ~~RCW 66.08.200; and (ii) eighty percent shall be distributed to~~
11 ~~incorporated cities and towns in the same manner as under RCW~~
12 ~~66.08.210.~~

13 (2) ~~An additional tax is imposed on all beer subject to tax under~~
14 ~~subsection (1) of this section. The additional tax is equal to two~~
15 ~~dollars per barrel of thirty one gallons. All revenues collected~~
16 ~~during any month from this additional tax shall be deposited in the~~
17 ~~violence reduction and drug enforcement account under RCW 69.50.520 by~~
18 ~~the twenty fifth day of the following month.~~

19 (3)(a) ~~An additional tax is imposed on all beer subject to tax~~
20 ~~under subsection (1) of this section. The additional tax is equal to~~
21 ~~ninety six cents per barrel of thirty one gallons through June 30,~~
22 ~~1995, two dollars and thirty nine cents per barrel of thirty one~~
23 ~~gallons for the period July 1, 1995, through June 30, 1997, and four~~
24 ~~dollars and seventy eight cents per barrel of thirty one gallons~~
25 ~~thereafter.~~

26 (b) ~~The additional tax imposed under this subsection does not apply~~
27 ~~to the sale of the first sixty thousand barrels of beer each year by~~
28 ~~breweries that are entitled to a reduced rate of tax under 26 U.S.C.~~
29 ~~Sec. 5051, as existing on July 1, 1993, or such subsequent date as may~~
30 ~~be provided by the board by rule consistent with the purposes of this~~
31 ~~exemption.~~

32 (c) ~~All revenues collected from the additional tax imposed under~~
33 ~~this subsection (3) shall be deposited in the health services account~~
34 ~~under RCW 43.72.900.~~

35 (4) ~~An additional tax is imposed on all beer that is subject to tax~~
36 ~~under subsection (1) of this section that is in the first sixty~~
37 ~~thousand barrels of beer by breweries that are entitled to a reduced~~
38 ~~rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or~~
39 ~~such subsequent date as may be provided by the board by rule consistent~~

1 with the purposes of the exemption under subsection (3)(b) of this
2 section. The additional tax is equal to one dollar and forty eight and
3 two tenths cents per barrel of thirty one gallons. By the twenty fifth
4 day of the following month, three percent of the revenues collected
5 from this additional tax shall be distributed to border areas under RCW
6 66.08.195 and the remaining moneys shall be transferred to the state
7 general fund.

8 (5) The tax imposed under this section shall not apply to "strong
9 beer" as defined in this title.)

10 **Sec. 3.** RCW 82.08.150 and 1998 c 126 s 16 are each amended to read
11 as follows:

12 (1) There is levied and shall be collected a tax upon each retail
13 sale of (~~(spirits, or strong beer)~~) liquor in the original package at
14 the rate of (~~(fifteen percent of the selling price)~~) two dollars per
15 pure alcohol liter. The tax imposed in this subsection shall apply to
16 all such sales including sales by the Washington state liquor stores
17 and agencies, (~~(but excluding)~~) and including sales to spirits, beer,
18 and wine restaurant licensees.

19 (2) (~~(There is levied and shall be collected a tax upon each sale~~
20 ~~of spirits, or strong beer in the original package at the rate of ten~~
21 ~~percent of the selling price on sales by Washington state liquor stores~~
22 ~~and agencies to spirits, beer, and wine restaurant licensees.~~

23 (3) There is levied and shall be collected an additional tax upon
24 each retail sale of spirits in the original package at the rate of one
25 dollar and seventy two cents per liter. The additional tax imposed in
26 this subsection shall apply to all such sales including sales by
27 Washington state liquor stores and agencies, and including sales to
28 spirits, beer, and wine restaurant licensees.

29 (4) An additional tax is imposed equal to fourteen percent
30 multiplied by the taxes payable under subsections (1), (2), and (3) of
31 this section.

32 (5)) As used in this section, the term "pure alcohol liter" means
33 the alcohol content of the liquor product in the original package,
34 expressed in liters; "pure alcohol liter" shall be determined by
35 multiplying the percentage of alcohol in the liquor product in the
36 original package by the volume measure of the liquor product in the
37 original package, expressed in liters.

1 (3) An additional tax is imposed upon each retail sale of spirits
2 in the original package at the rate of seven cents per liter. The
3 additional tax imposed in this subsection shall apply to all such sales
4 including sales by Washington state liquor stores and agencies, and
5 including sales to spirits, beer, and wine restaurant licensees. All
6 revenues collected during any month from this additional tax shall be
7 deposited in the violence reduction and drug enforcement account under
8 RCW 69.50.520 by the twenty-fifth day of the following month.

9 ~~((6)(a) An additional tax is imposed upon retail sale of spirits
10 in the original package at the rate of one and seven tenths percent of
11 the selling price through June 30, 1995, two and six tenths percent of
12 the selling price for the period July 1, 1995, through June 30, 1997,
13 and three and four tenths of the selling price thereafter. This
14 additional tax applies to all such sales including sales by Washington
15 state liquor stores and agencies, but excluding sales to spirits, beer,
16 and wine restaurant licensees.~~

17 ~~(b) An additional tax is imposed upon retail sale of spirits in the
18 original package at the rate of one and one tenth percent of the
19 selling price through June 30, 1995, one and seven tenths percent of
20 the selling price for the period July 1, 1995, through June 30, 1997,
21 and two and three tenths of the selling price thereafter. This
22 additional tax applies to all such sales to spirits, beer, and wine
23 restaurant licensees.~~

24 ~~(c) An additional tax is imposed upon each retail sale of spirits
25 in the original package at the rate of twenty cents per liter through
26 June 30, 1995, thirty cents per liter for the period July 1, 1995,
27 through June 30, 1997, and forty one cents per liter thereafter. This
28 additional tax applies to all such sales including sales by Washington
29 state liquor stores and agencies, and including sales to spirits, beer,
30 and wine restaurant licensees.~~

31 ~~(d) All revenues collected during any month from additional taxes
32 under this subsection shall be deposited in the health services account
33 created under RCW 43.72.900 by the twenty fifth day of the following
34 month.~~

35 ~~(7))~~ (4) The tax imposed in RCW 82.08.020 shall not apply to sales
36 of ~~((spirits or strong beer))~~ liquor in the original package.

37 ~~((8))~~ (5) The taxes imposed in this section shall be paid by the
38 buyer to the seller, and each seller shall collect from the buyer the
39 full amount of the tax payable in respect to each taxable sale under

1 this section. The taxes required by this section to be collected by
2 the seller shall be stated separately from the selling price and for
3 purposes of determining the tax due from the buyer to the seller, it
4 shall be conclusively presumed that the selling price quoted in any
5 price list does not include the taxes imposed by this section.

6 ~~((9))~~ (6) As used in this section, the terms, (~~("spirits,"~~
7 ~~"strong beer,"~~) "liquor," "alcohol," and "package" shall have the
8 meaning ascribed to them in chapter 66.04 RCW.

9 NEW SECTION. **Sec. 4.** RCW 66.24.210 (Imposition of taxes on all
10 wines and cider sold to wine distributors and liquor control board--
11 Additional taxes imposed--Distributions) and 1997 c 321 s 8, 1996 c 118
12 s 1, 1995 c 232 s 3, 1994 sp.s. c 7 s 901, 1993 c 160 s 2, 1991 c 192
13 s 3, 1989 c 271 s 501, 1987 c 452 s 11, 1983 2nd ex.s. c 3 s 10, 1982
14 1st ex.s. c 35 s 23, 1981 1st ex.s. c 5 s 12, 1973 1st ex.s. c 204 s 2,
15 1969 ex.s. c 21 s 3, 1943 c 216 s 2, 1939 c 172 s 3, & 1935 c 158 s 3
16 are each repealed.

17 NEW SECTION. **Sec. 5.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

21 NEW SECTION. **Sec. 6.** The provisions of this act are to be
22 liberally construed to effectuate the policies and purposes of this
23 act.

24 NEW SECTION. **Sec. 7.** This act takes effect January 1, 2000.

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